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Senate Bill 576 (Substitute S-1 as reported)  
Sponsor: Senator Tonya Schuitmaker  
Committee: Reforms, Restructuring and Reinventing

## **CONTENT**

The bill would create the "Regulatory Boards and Commissions Ethics Act" to establish conflict of interest standards and procedures for regulatory bodies in the Department of Licensing and Regulatory Affairs (LARA). A board member would have to disclose to the board and the Director of LARA interests that he or she had in a matter that was before the board, and if a board member's immediate family member held interest in an entity that was before the board. These provisions would not apply to a 2% or smaller interest in a publicly traded company.

If a board member had an interest in a matter before the board, he or she would have to refrain from discussing the matter with other board members; abstain from voting on the matter; and use State resources according to prescribed procedures and not for personal benefit. If a board member or an immediate family member had an interest in a business entity, the member could not participate in regulation or supervision of the business entity.

Generally, a board member would have to refrain from: 1) soliciting or accepting something of value that could be expected to influence his or her duties; 2) engaging in a business transaction in which he or she could profit from his or her position or authority; 3) engaging in a business transaction in which he or she could benefit financially from confidential information obtained via board membership; and 4) providing service for a public or private interest if the service conflicted with the member's official duties.

The Department could void a contract, grant, or loan that a board entered into with or awarded to a board member or a board member's immediate family member in violation of the Act unless the affected board member abstained from participating in discussion or voting, and promptly disclosed the interest. The Governor could immediately remove any board member who failed to disclose an interest.

A person could request that the board consider a conflict of interest within one year of the board's action. The person would have to have reason to believe that a member did not disclose an interest as required or had an interest that would have a tendency to affect the member's ability to make an impartial decision. If a board found that a member had an interest that could have a tendency to affect the member's impartiality, any action in which the conflicted member participated would be void unless a majority of the board affirmed it.

Legislative Analyst: Glenn Steffens

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 11-5-13

Fiscal Analyst: Josh Sefton